



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 5-21 – Board of Accountancy Regulations
Board of Accountancy
September 8, 2010

Summary of the Proposed Amendments to Regulation

The Board of Accountancy (board) proposes to reduce the number of semester hours required prior to taking the certified public accountant (CPA) examination from 150 to 120.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Under the proposed amendment the total number of college credits required for licensure remains 150. According to the Board most other states allow applicants to take the CPA examination after 120 hours are completed. A baccalaureate degree with an accounting concentration can ordinarily be obtained with 120 semester hours of education. Obtaining from one or more accredited institutions at least 120 semester hours of education, a baccalaureate or higher degree, and an accounting concentration typically prepares a person to pass the CPA examination.¹ Many accounting majors want to pass the CPA examination as soon as possible after they obtain their baccalaureate degree. They believe that will improve their marketability to potential employers and enable them to start their careers sooner. Many will then obtain the additional 30 semester hours of education required for licensure later on a part-time basis. The proposal to allow applicants to take the exam after 120 hours rather than 150 will likely benefit future accountants in the Commonwealth without compromising their qualifications.

¹ Source: Board of Accounting

Businesses and Entities Affected

The proposed amendments affect individuals who wish to take the CPA examination as part of applying for CPA licensure. Thus indirectly, the proposed amendments affect accounting firms. According to the Board approximately 5,000 individuals take the CPA examination in Virginia each year.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposal to allow candidates to the CPA examination sooner may enable some individuals to obtain employment sooner.

Effects on the Use and Value of Private Property

The proposal to allow candidates to the CPA examination sooner may enable some individuals to obtain employment sooner.

Small Businesses: Costs and Other Effects

The proposed amendments do not significantly affect costs for small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments do not adversely affect small businesses.

Real Estate Development Costs

The proposed amendments are unlikely to significantly affect real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to

be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.